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ZNY CCCCC ZZH
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FM AMEMBASSY MANILA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9938
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS IMMEDIATE
RUEKJCS/SECDEF WASHDC IMMEDIATE
RUEKJCS/JOINT STAFF WASHINGTON DC IMMEDIATE
RHHMUNA/CDRUSPACOM HONOLULU HI IMMEDIATE

C O N F I D E N T I A L SECTION 01 OF 03 MANILA 000518

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E.O. 12958: DECL: 02/26/2018
TAGS: [PREL](#) [PINS](#) [KISL](#) [RP](#)
SUBJECT: GUARDED PROGRESS FOR MINDANAO PEACE PROCESS

REF: A. MANILA 0455 (AMBASSADOR URGES MILF CHIEF TO
EMBRACE PEACE)
[1](#)B. MANILA 0454 (PRESIDENT ARROYO COMMITTED TO PEACE
PROCESS)
[1](#)C. MANILA 0238 (PRESIDENT ARROYO REVISES MILF PEACE
PROPOSAL)
[1](#)D. 07 MANILA 4016 (METHODICAL PROGRESS IN MINDANAO
PEACE TALKS)
[1](#)E. 07 MANILA 3728 (MINDANAO PEACE PROCESS MOVES
FORWARD)

Classified By: Ambassador Kristie A. Kenney for reasons 1.4(b) and (d).

[1](#)1. (C) Summary: Philippine government Peace Panel Chairman Rudy Garcia told us February 25 that the government and the Moro Islamic Liberation Front had reached an agreement in principle on the territory to be encompassed by a new Muslim political entity, and work on governance and ownership of natural resources was making progress. Garcia anticipated that an agreement could be signed by mid-April. Meanwhile, Moro Islamic Liberation Front negotiators painted a less optimistic picture. While acknowledging that an agreement on territory is within reach, they voiced concern over the potential negative impact that Manila's political turbulence, conservative Philippine cabinet members, and powerful business interests could have on the process. While independence is not on the agenda in the peace talks, Muslim peace negotiators said that some in Muslim Mindanao viewed international recognition of Kosovo as changing the rules of the game within the international community. End Summary.

Government Cautiously Optimistic

[1](#)2. (C) Philippine government Peace Panel Chairman Rudy Garcia told us February 25 that the government and the Moro Islamic Liberation Front had reached an agreement in principle on the territory to be encompassed by a new Muslim political entity, and that work on governance and ownership of natural resources was making progress. Garcia anticipated that an agreement could be signed by mid-April, possibly in Kuala Lumpur, and might include the foreign ministers of the Philippines and Malaysia, which is facilitating the peace negotiations.

New Draft Proposals Under Review

[1](#)3. (C) Sullivan said that the Malaysians would be doing some "informal shuttling" during the weeks ahead to review the government and MILF's respective draft territorial agreements. Sullivan noted that the government's new draft proposal was approved by the Philippine Cabinet with some

minor changes and "a couple of major changes." According to Sullivan, the Philippine Cabinet wants to defer discussions on such contentious issues as governance until after the signing of a territorial agreement. The Philippine government's latest proposal includes a counteroffer to the MILF on revenue sharing (i.e., production, royalties, commissions, fees) from strategic minerals such as petroleum, natural gas, copper, nickel, and gold, according to Sullivan. President Arroyo is amenable to the MILF receiving a majority share of the revenue from strategic minerals, though the exact percentages have to be worked out, commented Sullivan.

Commercial Zones for Muslim Homeland

¶4. (C) Sullivan said both parties have already reached a consensus on the concept and major strands of a territorial agreement. There is a clear understanding of the conceptual basis and historical underpinnings of the prospective "Bangsamoro homeland" which is to include Muslim-majority villages contiguous to the Autonomous Region in Muslim Mindanao (ARMM), a commercial zone on the Zamboanga Peninsula, and the southernmost portion of Palawan, including Balabac Island, noted Sullivan. The commercial zone was described by Sullivan as clusters of villages in Zamboanga del Sur and Zamboanga Sibugay Provinces, and the Sacol Island in Zamboanga City where the MILF plans to establish ports and commercial centers.

¶5. (C) Sullivan said that a congressionally approved plebiscite would be conducted within six months following a territorial agreement. The Philippine government peace panel

MANILA 00000518 002 OF 003

is studying the possibility of amending the Organic Act of the ARMM (Republic Act 9054) to include the additional territories in the new Muslim political entity. In Sullivan's view, the signing of a territorial agreement could encourage some Muslim hardliners to support the MILF peace process; neutralize the more "conservative" members of the MILF; and instill a sense of urgency, and, perhaps more flexibility, in negotiations for a final peace agreement.

MILF Concerned Over Political Turbulence

¶6. (C) Moro Islamic Liberation (MILF) Peace Panel member Musib Buat and MILF Peace Panel Technical Working Group Chairman Abdullah Camlian expressed concern over the impact of political turbulence in Manila on the MILF peace talks. Buat and Camlian also expressed concern over "hardline" members of the Philippine Cabinet and powerful business families with economic interests in Mindanao who might not see a peace agreement as favorable to their interests. Despite these "obstacles," Buat said a change of government at this juncture could set the MILF peace talks "back to square one" on some key issues. The MILF has since come out publicly against the calls by some Philippine political groups for the resignation of the President.

Territorial Agreement Needed

¶7. (C) Buat emphasized the importance of a territorial agreement to the momentum of the peace talks. To avoid another impasse in the negotiations, Buat said that the contentious issue of a constitutional process and specifics of governance and ownership of natural resources would be tackled after the signing of a territorial agreement. While underscoring the significance of a proposed five- or six-year transition period following the signing of a peace agreement

-- during which time all elected local officials would be allowed to complete their terms in office -- Buat expressed concern over the upcoming August 2008 elections within the ARMM. The MILF Central Committee is hoping to sign an ancestral domain agreement with the Philippine government by June 2008 to avoid "locking in" another group of elected officials until 2011, commented Buat.

Good Governance and Transparency

¶18. (C) Buat and Camlian expressed support for good governance, transparency, and effective anti-corruption measures during the transition period and beyond. Buat noted that corruption within the ARMM is endemic and must not be repeated in a new Muslim political entity. The people will be watching the MILF's performance very closely, and if it is "business as usual," the MILF leadership will be discredited, commented Camlian.

MILF-MNLF Unity

¶19. (C) Buat described a merger of the MILF and Moro National Liberation Front (MNLF) as "impractical" for two reasons -- the MNLF remains factionalized and key MNLF members have become part of the Philippine government. Nonetheless, the lines of communication between the MILF and MNLF are open and there is regular dialogue, emphasized Buat, while noting that "old alumni" of the MNLF -- with exception to detained MNLF Chairman Nur Misuari -- regularly meet with MILF Chairman Murad Ebrahim. Camlian claimed that many of the up and coming young leaders of the MILF are secular and more western-educated and -leaning than the aged MILF Central Committee members that graduated from Al-Azhar University in Egypt. The latter are now a minority, commented Camlian.

Kosovo Independence

¶10. (C) Camlian said that some in Muslim Mindanao viewed international recognition of Kosovo's February 17 declaration of independence as a "historic event," perhaps even with implications for the creation of a new Muslim political entity in Mindanao. In a February 18 statement, MILF Committee on Information Deputy Chairman Khaled Musa noted that "the taboo has been shattered and no state can argue

MANILA 00000518 003 OF 003

that secession or independence is not within the rule of the game in the United Nations. What is prohibited for decades is now a virtual part of international law."

Comment

¶11. (C) While timelines differ, both sides appear more confident at this point that a territorial agreement is within reach. Even the concerns voiced by the MILF on political instability are couched in terms of how to keep it from hindering progress, not in how to use it to retard the process. Hard bargaining remains on the more contentious issues of governance for the expanded Muslim political entity, and the complexity could grow if the Philippine Cabinet seeks to amend the constitution to allow federal status not only for Muslim Mindanao, but all the country's regions. The comments on Kosovo independence represent wishful thinking on the part of some in Mindanao, but do underscore the reason why the Philippine government has moved with such caution on the question of recognizing Kosovo.

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KENNEY